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S-6005

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

CIA/OER/S-06005-74

12 March 1974

MEMORANDUM FOR: Donald Shaffner, AF/INAP

SUBJECT : Estimates of Soviet GNP

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1. The tabulation below contains the data you requested Although we do not routinely calculate Soviet GNP in current dollars, the implicit price deflator for US GNP can be used to convert our estimates from 1972 dollars to current dollars.

	<u>Soviet GNP</u>				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Soviet GNP-billion current US dollars	470	532	580	614	696
Implicit price de- flator for US GNP 1958=100	128.2	135.2	141.6	146.1	153.9
Defense as a share of Soviet GNP (percent)	6	6	6	6	6
US GNP-billion cur- rent dollars	930	977	1055	1155	1288

2. The dollar values of Soviet GNP are geometric mean comparisons, i.e. averages of ruble and dollar comparisons. Therefore, they cannot be used to calculate shares for defense where Soviet defense expenditures are measured in dollars. For the USSR, this calculation should be made only in rubles.

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3. The share of defense in Soviet GNP is measured at 1968 ruble factor cost which is a measure developed by economists to measure relative resource scarcity. This share has changed very little over the time period in question. When possible, we quote a range of 6-8% as the defense share of Soviet GNP. However, the 6% should be used if a single number is needed.

4. We have no real measure of year-to-year ruble price changes for Soviet GNP since our estimates are made in constant prices. The ruble side of the US-USSR comparisons is based on 1955 rubles for all years. We update the dollar side of the comparisons annually using data from the Survey of Current Business, July issues which contain the US national accounts.

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5. If you have any further questions, please call



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